

CEDARVALE

Company Registration No: 2220037

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002



DIRECTORS' REPORT

The Directors present their Report and the Financial Statements of the Company, together with the Auditors' Report, for the year ended 31 December 2002.

Principal activity and business review

The Company's principal activity continues to be property development, which is carried out through a share in the Ashford Great Park Partnership. The Directors expect the general level of activity to continue.

Results and dividends

The Company's results are set out in the Profit and Loss Account on page 4 including charitable donations of £81,057 (2001: £nil).

The Company does not recommend the payment of a dividend for the year (2001: £nil). The profit of £3,805,959 (2001: loss of £312,254) has been transferred to reserves.

Directors

The Directors of the Company, who held office throughout the year, were:

A C Brown
Mrs M Adams
Miss R B K Carty

No Directors held any beneficial interests in the share capital of the Company, nor of any other companies for which the Church Commissioners are the ultimate holding body, at 31 December 2002 or at any time during the year.

Statement of Directors' responsibilities

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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DIRECTORS' REPORT (continued)

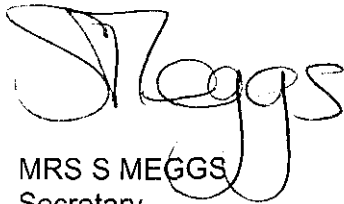
Statement of Directors' responsibilities (continued)

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Andersen resigned as auditors of the Company on 8 July 2002 and Deloitte & Touche were appointed on 2 January 2003 for a three year period with effect from the year ended 31 December 2002.

By Order of the Board of Directors



MRS S MEGGS
Secretary

11 February 2003

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF CEDARVALE**

We have audited the financial statements of Cedarvale for the year ended 31 December 2002 which comprise the profit and loss account, balance sheet and the related notes numbered 1 to 13. These financial statements have been prepared under the accounting policies set out therein. This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state those matters we are required to state to the Company's members in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 December 2002 and of the Company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

DELOITTE & TOUCHE
Chartered Accountants and Registered Auditors
London

11 February 2003

CEDARVALE

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Share of partnership profit/(loss)	5	<u>3,898,622</u>	<u>(185,336)</u>
GROSS PROFIT/(LOSS)		3,898,622	(185,336)
Administrative expenses		(11,606)	(13,324)
Charitable donations		<u>(81,057)</u>	<u>0</u>
PROFIT/(LOSS)ON ORDINARY ACTIVITIES BEFORE TAXATION	3	3,805,959	(198,660)
Tax on profit/(loss) on ordinary activities	4	<u>0</u>	<u>(113,594)</u>
PROFIT/(LOSS)ON ORDINARY ACTIVITIES AFTER TAXATION		<u>3,805,959</u>	<u>(312,254)</u>
RETAINED PROFIT/(LOSS)TRANSFERRED TO/(FROM) RESERVES	10	<u><u>3,805,959</u></u>	<u><u>(312,254)</u></u>

The expenses all relate to continuing operations, none of which were acquired in the year.

There is no difference between the profit/(loss) on ordinary activities before and after taxation for the years stated above and their historical cost equivalents.

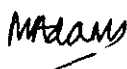
There are no recognised gains or losses in either year other than the profit or loss for each year.

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BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Investment in partnership	5	0	0
Investment in subsidiary	6	<u>100</u>	<u>100</u>
TOTAL FIXED ASSETS		100	100
CURRENT ASSETS			
Debtors	7	29,961,797	30,474,306
CREDITORS: Amounts falling due within one year	8	<u>(21,750)</u>	<u>(21,000)</u>
NET CURRENT ASSETS		<u>29,940,047</u>	<u>30,453,306</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,940,147</u>	<u>30,453,406</u>
Provision for liabilities and charges	5	<u>(18,632,689)</u>	<u>(22,951,907)</u>
NET ASSETS		<u><u>11,307,458</u></u>	<u><u>7,501,499</u></u>
CAPITAL AND RESERVES			
Called up equity share capital	9	100	100
Profit and loss account	10	<u>11,307,358</u>	<u>7,501,399</u>
EQUITY SHAREHOLDERS' FUNDS	11	<u><u>11,307,458</u></u>	<u><u>7,501,499</u></u>

On behalf of the Board of Directors who approved the financial statements on 11 February 2003.



Mrs M Adams
Director

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002**

1. Accounting policies

Accounting conventions

The financial statements have been prepared on the historical cost basis of accounting and in accordance with applicable United Kingdom accounting standards which have been consistently applied throughout the year and preceding year.

Investment in partnership

The investment in the Ashford Great Park Partnership is such that the Company enjoys joint ownership of the partnership's assets and has joint and several liability in respect of all liabilities incurred by the partnership. The partners have agreed to share the profits and losses of the partnership in accordance with the terms of the partnership agreement. The investment in the partnership is disclosed at the lower of cost or net realisable value less any provision for impairment.

Borrowing from the Company's ultimate holding body made by way of capital advances was used to finance the acquisition and development of the Company's interest in the partnership's property. Third party interest on this borrowing was capitalised in the Company's financial statements.

The Company recognises its share of the partnership's profits or losses on the basis of the profit-sharing and distribution arrangements agreed between the partners.

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FRS19 has been adopted during the year. There has been no impact on current and prior year results. Accordingly, no restatement of comparatives has been made.

Cash flow statement

The Company's ultimate holding body is the Church Commissioners for England which publishes consolidated financial statements that include a consolidated cash flow statement. The cash flows of the Company are included in the consolidated group cash flow statement. Consequently the Company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing a cash flow statement.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)

1. Accounting policies (continued)

Non-consolidation

The financial statements contain information about Cedarvale as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare and deliver consolidated financial statements as it and its partnership and subsidiary interests are included by full consolidation in the consolidated financial statements of the Church Commissioners for England, a body incorporated in Great Britain.

2. Employees

The average monthly number of employees during the year was nil (2001: nil).

3. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging:

	2002 £	2001 £
Directors' emoluments	0	0
Auditors' remuneration in respect of:		
Audit	1,500	1,500

The remuneration of the Directors for their services to the Company is borne by the ultimate holding body.

4. Taxation

Current year tax charge

There is no tax charge as the Company has tax losses brought forward to offset against future tax liabilities.

Factors affecting tax charge for the current period

	2002 £	2001 £
Profit/(loss) on ordinary activities before taxation	3,805,959	(198,660)
Tax at 30% (2001: 30%)	1,141,788	(59,598)
Utilisation of brought forward losses	(1,142,511)	0
Expenses not deductible for tax purposes	723	59,598
Prior year group relief adjustment	0	(113,594)
Current tax charge/(credit) for the period	0	(113,594)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002 (continued)**

4. Taxation (continued)

Factors that may affect the future tax charge

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses carried forward. The amount of the tax losses not recognised is £ 70.8 million (2001: £74.6 million). Further tax losses may be utilised if sufficient taxable profits arise in future years following a disposal of property or a change in the value of the Company's investment in partnership.

5. Investment in partnership

This comprises a 90% share in the Ashford Great Park Partnership (of 1 Millbank, London SW1P 3JZ). The Partnership's total turnover for the year ended 31 December 2002 was £157,706 (2001: £278,942).

The movement during the year is as follows:

	£
<u>Cost</u>	
At 1 January 2002	(22,951,908)
Share of retained profit	3,898,622
Cash introduced	420,597
At 31 December 2002	<u>(18,632,689)</u>
<u>Provision</u>	
At 1 January 2002	22,951,908
Decrease in provision	<u>(4,319,219)</u>
At 31 December 2002	<u>18,632,689</u>
<u>Net book value</u>	
At 31 December 2002	<u>0</u>
At 31 December 2001	<u>0</u>

The financial statements of the partnership are dealt with on a consolidated basis in the group accounts prepared by the Church Commissioners for England. Consequently, the Company has taken advantage of the exemption conferred by Regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993 from the requirements of those regulations.

Liabilities connected with the Company's investment in the Ashford Great Park Partnership are disclosed as provision for liabilities and charges.

6. Investment in subsidiary

The investment comprises the cost of the Company's interest in its wholly owned subsidiary, Cricklewood Estates (Investments) Limited. As the subsidiary is an exempt charity, Cedarvale is not entitled to any distributions from it, either by way of dividend or on winding up.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)

7. Debtors

	2002 £	2001 £
Amounts owed by the ultimate holding body	<u>29,961,797</u>	<u>30,474,306</u>

8. Creditors: Amounts falling due within one year

	2002 £	2001 £
Accruals and deferred income	<u>21,750</u>	<u>21,000</u>

9. Equity share capital

	2002 £	2001 £
Authorised ordinary shares of £1 each	<u>61,000</u>	<u>61,000</u>
Issued, called up and fully paid:		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

10. Profit and loss account

	2002 £	2001 £
At 1 January	7,501,399	7,813,653
Profit/(loss) for the year	<u>3,805,959</u>	<u>(312,254)</u>
At 31 December	<u>11,307,358</u>	<u>7,501,399</u>

11. Reconciliation of movements in equity shareholders' funds

	2002 £	2001 £
Profit/(loss) for the financial year	3,805,959	(312,254)
Opening equity shareholders' funds	<u>7,501,499</u>	<u>7,813,753</u>
Closing equity shareholders' funds	<u>11,307,458</u>	<u>7,501,499</u>

12. Related parties

The Company has taken advantage of the exemption granted in Financial Reporting Standard No 8 not to disclose transactions with fellow group undertakings.

13. Ultimate holding body

The Directors regard Cricklewood Trading Estates Limited as the immediate holding company. Cricklewood Trading Estates Limited is wholly owned by the Church Commissioners for England, a statutory body established by the Church Commissioners Measure 1947 (as amended). Copies of the Church Commissioners' consolidated financial statements may be obtained from The Communications Department, Church Commissioners, 1 Millbank, London SW1P 3JZ.